



Welfare Reform and Children: Potential Implications

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Adults are typically the focus of welfare policies and programs, even though children comprise a majority of public assistance recipients. In 1995, about two-thirds of those receiving Aid to Families with Dependent Children each month were children.¹ Moreover, key provisions in the most recent welfare legislation, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), have implications for children.

Based on research findings from welfare-to-work program evaluations and from basic research on child development, we conclude that welfare reform can affect children in diverse ways. These effects will vary depending on state and local policies, family characteristics and risk status, patterns of maternal employment, and children's experiences in the home and in nonmaternal care settings.

Recent Findings

Findings from recent welfare-to-work evaluations provide an important resource for generating hypotheses about how PRWORA will affect children.² These studies not only examine program impacts on children's cogni-

tive development, school progress, health, and social adjustment. They also ask whether impacts on children can be explained by program effects on family economic status, maternal educational attainment, maternal psychological well-being, parent-child relations, or child care participation.

The three welfare-to-work programs considered in these studies—JOBS, the New Chance Demonstration, and the Teenage Parent Demonstration (see note 2)—

differ from those that will be implemented under 1996 welfare reform. The earlier generation of programs emphasized providing recipients with education and job skills to enhance employability, while the new policy requires recipients to make the transition to employment. Therefore, our concern is less with specific findings from the evaluations than with broad conclusions that are applicable

in the new policy context.

The findings to date indicate, first, that *welfare-to-work programs can bring about changes in multiple aspects of family life that are important to children.* These changes include but go beyond changes in maternal educational attainment and family economic status.³ For example, findings point to evidence of program impacts on maternal psy-

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chological well-being and on parent-child interaction and the children's home environments.⁴ Evidence also exists for program impacts on young children's participation in non-maternal child care settings.⁵ Previous research documents linkages between each of these factors and children's development.⁶

Second, *the findings include both positive and negative program impacts on the set of family variables of importance to children.* For example, participation in some welfare-to-work programs results in modest increases in earnings and income and in increases in maternal educational attainment.⁷ At the same time, some results point to negative program impacts, for example, on maternal depression and mothers' subjective sense of stress (within the New Chance evaluation).⁸

Third, findings to date indicate that *program impacts on children vary by family characteristics.* Considerable heterogeneity exists among families receiving welfare in terms of maternal educational attainment, duration of welfare receipt, and degree of social support. Families differ in number of risk factors (such as low educational attainment, low reading and math skills, and moderate to high levels of depressive symptoms), as well as in number of protective factors (such as presence of a support network and warmth in family relationships). Apart from maternal participation in welfare-to-work programs, measures of cognitive development and behavioral adjustment for children from welfare families can be predicted by the accumulation of risk and protective factors present in their families.⁹ Evaluations of welfare-to-work programs show that program impacts on children vary in light of the presence of specific risk factors and the total number of risk factors. For instance, the New Chance evaluation found that unfavorable program impacts on children's social development occurred specifically for children from families with a high number of risk factors and for children whose mothers had more symptoms of depression at the start of the study.

Finally, *in the present policy context, in which we can expect substantial variation at the state and local*

levels in specific program components and populations served, it is important to note that findings of relevance to children differ across the set of available evaluations. Program impacts on parenting behavior illustrate this point. Within the New Chance evaluation, findings point to significant (though modest) positive program impacts on the quality of cognitive stimulation provided to the child and on the emotional quality of mother-child interaction.¹⁰ In contrast, evaluators documented no program impacts on parenting within the Teenage Parent Demonstration,¹¹ while researchers found significant though small negative program impacts on these dimensions of parenting during the first months of assignment to the JOBS program.¹² These contrasting findings do not reflect program variations alone, but a combination of program features and populations served.

What the Findings Suggest for Welfare Reform Impacts

The findings from evaluations of welfare-to-work programs that are relevant to children within the new PRWORA environment imply that:

- ❑ There are multiple pathways, noneconomic as well as economic, by which welfare-to-work programs can affect child development.
- ❑ Program impacts on children will reflect the net effect of multiple changes within families, some of which may be positive and some negative.
- ❑ Impacts of welfare reform on children are likely to differ for families with differing initial characteristics, and the overall number of risk factors will be important.
- ❑ In the new policy context, we can anticipate that impacts on children will vary in light of the specific features of state and local programs.

Welfare Provisions Important to Children

Keeping in mind the broad conclusions above about how welfare programs may affect children, we turn to what the research on families and children might tell us about the potential implications of specific PRWORA provisions for children.

Employment Requirements

Welfare legislation enacted in 1996 requires participation in work-related activities, as defined by each state, within 24 months of receiving assistance. The focus on work departs from previous legislation, which allowed welfare recipients to participate in human capital development activities such as basic education or job training.

Findings from the small set of studies examining maternal employment in low-income families indicate that children fare slightly better or about the same on measures of development when their mothers are employed than when they are not.¹³ In one study, for example, children were found to show higher scores on measures of reading and math in the early years of elementary school when their mothers had been employed than when they had not been.¹⁴ One researcher hypothesizes that some of the favorable outcomes for children are rooted in the better mental health for employed than for nonemployed mothers, a pattern that has been noted consistently and that may be stronger among low-income than middle-class families.¹⁵ Other researchers hypothesize that the neutral to favorable implications of employment for children from low-income families reflect the infusion of needed economic resources.¹⁶

Two caveats to this general conclusion are relevant to PRWORA policy. First, some studies point to negative outcomes for children in low-income families when employment is initiated during the first year of a child's life.¹⁷ Given that, under PRWORA, some states are requiring employment for mothers whose infants are as young as zero to three months, researchers need to clarify the implications of maternal employment for infants in low-income

families. Second, studies looking at families with employed mothers note that child outcomes in low-income families vary according to maternal wage level,¹⁸ and that the quality of the home environment provided to young children can decline when mothers begin jobs that are low-wage and involve repetitive, unstimulating tasks.¹⁹

Time Limits

Under previous welfare law, public assistance was an entitlement for all families that met certain income eligibility guidelines. The new law places a 60-month lifetime limit on welfare receipt. States have latitude to create even stricter time limits or to exempt some families from the 60-month limit.

While it is possible that the new incentive structure will change the behavior of long-term welfare recipients so that they don't reach the 60-month time limit, there is reason to be concerned about the children of long-term welfare recipients who do ultimately lose their benefits. An evaluation of the JOBS program found that long-term welfare recipients (and their children) differ from short-term recipients in important ways. Long-term recipients displayed more depressive symptoms, had less of a sense of personal control over their lives, and had fewer social supports than short-term recipients. Long-term recipients also provided their children with less cognitive stimulation and emotional support than did short-term recipients, and the children themselves scored lower on measures of receptive vocabulary and social maturity.²⁰ Children from families who are more likely to reach the time limits thus appear to be at higher risk already.

Paternity and Child Support

Welfare reform strengthened child support and paternity establishment provisions. States are now mandated to have a process in place for voluntary paternity acknowledgment and to establish paternity for 90 percent of all births to unmarried women. These policies have the potential to increase families' economic resources

as well as paternal involvement in children's lives.

Based on the existing research, however, only cautious predictions can be made in the present policy context about the effects of paternal involvement. It is reasonable to predict that if fathers play more active, positive roles in children's lives as a result of PRWORA, children will benefit. Indeed, various forms of paternal involvement and the provision of child support have been linked to positive developmental outcomes for children.²¹ However, it is not yet known whether or how child support

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in a *mandatory* context influences father-child contact or children's developmental outcomes. Moreover, benefits to children may not occur if increased paternal involvement leads to inter-parental conflict or increased maternal stress.²² Contentious paternal involvement and negative father-child relations may place children at greater risk for poor developmental outcomes. It will be important to examine the degree to which the new child support provisions influence the quality of nonresident fathers' relationships with both children and mothers.

Eligibility and Entitlement Changes

Children with disabilities who are already at risk for negative outcomes may potentially experience both decreases in specific benefits and decreases in parental availability and supervision. Under PRWORA, an estimated 135,000 to 315,000 children with behavioral disorders and learning disabilities who received Supplemental Security Income (SSI) will no longer be eligible for benefits.²³ In addition, adult welfare recipients in the families of many of

these children will be subject to work requirements. Likewise, children of legal immigrants who are no longer eligible for food stamps under PRWORA may experience diminished family resources. Some states will provide supplemental funds or emergency benefits for families who are no longer eligible for certain programs. But, as a result of welfare reform, some families already at risk for difficulties will simultaneously experience significant decreases in benefits and in time available for adult supervision of children.

Further, PRWORA eliminated the federal entitlement to public assistance for those who met certain eligibility requirements. States are required to maintain 80 percent of their FY 1994 Aid to Families with Dependent Children and Emergency Assistance spending (for new Temporary Assistance for Needy Families programs), but are not required to provide cash assistance and can deny benefits to certain groups. The children of families that experience significant decreases in economic resources due to state eligibility decisions may be at greater risk for negative developmental outcomes.

Child Care

Under the new welfare law, states have flexibility regarding child care funding and child care assistance eligibility guidelines. PRWORA combined child care monies into the Child Care and Development Fund, which is a capped grant based on prior state child care expenditures. States will vary in the degree to which they use this money to provide subsidies, increase the supply of child care, assist parents in finding child care, and strengthen regulation and monitoring of licensed child care.

Important to children's well-being is whether states, when providing a child care subsidy to families, require them to use a licensed caregiver and encourage them to use different types of care such as center or family daycare. Indications are that a substantial proportion of families will turn to unlicensed, informal forms of child care when seeking to fulfill the new work requirements. This type of care often offers more flexible hours of operation and is less expensive

than center-based care. But research shows that unlicensed, informal child care is often of lower quality than regulated settings.²⁴

Nonmarital and Teenage Childbearing

Given the large body of research documenting negative developmental outcomes for children born to teenage mothers, single-parent families, or large families with closely spaced or unwanted births,²⁵ the degree to which PRWORA reduces childbearing among nonmarried women and teenagers and promotes marriage will be important to child well-being. Toward these ends, the welfare law requires teenage welfare recipients to attend school and live with their parents or other responsible adults. PRWORA also allows states to institute a "family cap" that denies additional benefits to families in which more children were born while the families were receiving assistance. States that succeed in reducing nonmarital births will receive monetary bonuses.

If family cap policies do not successfully discourage childbearing, however, families would experience a decline in economic resources, because they would need to share the same resources among more family members. Indeed, some recent findings suggest that family cap policies may not be effective. An evaluation of Delaware's A Better Chance Program (ABC), which instituted family cap policies, time-limited welfare receipt, and sanctions (among other reforms), found that the policies had no impact on reducing births or pregnancies.²⁶

Children in certain subgroups will benefit from welfare reform to the extent that new policies succeed in moving parents into jobs and increasing economic resources for families; bringing about greater and more positive father involvement (both economic and social) in children's lives; placing children in care settings that are safe, stimulating, and supportive; and reducing family size.

Certain PRWORA provisions, however, will place children who are already at elevated risk for poor

developmental outcomes at even greater risk. Children in families whose mothers are less likely to find stable employment, more likely to be sanctioned or hit time limits, or who will be ineligible to receive benefits under the new legislation, could face negative outcomes due to decreased economic resources and higher maternal stress. Children enrolled in poor quality child care while their mothers work may also be at increased risk for poor outcomes.

Finally, the offsetting influences of various welfare policies may result in PRWORA having neither negative nor positive effects on some children. But many of these children will likely remain at risk for the negative outcomes associated with long-term poverty.

Notes

1. U.S. House of Representatives, Committee on Ways and Means, 1996 *Green Book*, Washington, D.C.: U.S. Government Printing Office, 1996.

2. The three evaluations whose findings are examined here all have components focusing explicitly on child outcomes. The evaluations are: 1) the National Evaluation of Welfare-to-Work Strategies, which focuses on the Job Opportunities and Basic Skills Training Program (JOBS)—the program that was implemented nationally in response to the Family Support Act of 1988 (Hamilton, G., T. Brock, M. Farrell, D. Friedlander, and K. Harknett, *Evaluating Two Welfare-to-Work Program Approaches: Two-Year Findings on the Labor Force Attachment and Human Capital Development Programs in Three Sites*, Washington, D.C.: U.S. Department of Health and Human Services, Administration for Children and Families and Office of the Assistant Secretary for Planning and Evaluation, 1997; Moore, K.A., M.J. Zaslow, M.J. Coiro, S.M. Miller, and E.B. Magenheimer, "How Well Are They Faring? AFDC Families with Preschool-Aged Children at the Outset of the JOBS Evaluation," Washington, D.C.: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning

and Evaluation, 1995); 2) the evaluation of the New Chance Demonstration, a voluntary comprehensive program for adolescent mothers receiving welfare who had dropped out of school, with program components for children as well as mothers (Quint, J., H. Bos, and D. Polit, *New Chance: Final Report on a Comprehensive Program for Young Mothers in Poverty and Their Children*, New York: Manpower Demonstration Research Corporation, 1997); and 3) an evaluation of the Teenage Parent Demonstration, a mandatory program for adolescent mothers entering the welfare system (Kisker, E.E., A. Rangarajan, and K. Boller, *Moving into Adulthood: Were the Impacts of Mandatory Programs for Welfare-Dependent Teenage Parents Sustained After the Programs Ended?* Washington, D.C.: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 1998).

3. Quint, J., D. Polit, H. Bos, and G. Cave, *New Chance: Interim Findings on a Comprehensive Program for Disadvantaged Mothers and Their Children*, New York: Manpower Demonstration Research Corporation, 1994; Quint, Bos, and Polit 1997; Hamilton et al. 1997.

4. Quint, Bos, and Polit 1997. Also see De Temple, J., and C. Snow, "Mother-Child Interactions Related to the Emergence of Literacy," Morrison, D.R., M.J. Zaslow, and M.R. Dion, "Completing the Portrayal of Parenting Behavior with Interview-Based Measures of Parenting," and Weinfield, N.S., B. Egeland, and J.R. Ogawa, "Affective Quality of Mother-Child Interactions"—all three in Zaslow, M.J., and C.A. Eldred, eds., *Parenting Behavior in a Sample of Young Mothers in Poverty: Results of the New Chance Observational Study*, New York: Manpower Demonstration Research Corporation, 1998. Also see Zaslow, M.J., M.R. Dion, and D.R. Morrison, "Effects of the JOBS Program on Mother-Child Relations During the Early Months of Program Participation," presented at the biennial meeting of the Society for Research in Child Development, Washington, D.C., April 1997.

5. Kisker, E.E., and M. Silverberg, "Child Care Utilization by Disadvantaged Teenage Mothers," *Journal of Social Issues*, vol. 4 (1991), pp.

159–177; Moore et al. 1995; Quint et al. 1994; Quint, Bos, and Polit 1997.

6. Evidence is summarized in Zaslow, M.J., K.A. Moore, D.R. Morrison, and M.J. Coiro, “The Family Support Act and Children: Potential Pathways of Influence,” *Children and Youth Services Review*, vol. 17 (1995), pp. 231–249.

7. Friedlander, D., and G. Burtless, *Five Years After: The Long-Term Effects of Welfare-to-Work Programs*, New York: Sage, 1995; Friedlander, D., J. Riccio, and S. Freedman, *GAIN: Two-Year Impacts in Six Counties*, New York: Manpower Demonstration Research Corporation, 1993; Hamilton et al. 1997 for the JOBS Program and its precursors and for the JOBS human capital development programs in specific sites; Quint et al. 1994; Quint, Bos, and Polit 1997.

8. Quint, Bos, and Polit 1997.

9. Moore et al. 1995; Zaslow, M.J., M.R. Dion, D.R. Morrison, N.S. Weinfield, J.R. Ogawa, and P. Tabors, “Protective Factors in the Development of Preschool-Age Children of Young Mothers Receiving Welfare,” in E.M. Hetherington, ed., *The Impact of Divorce, Single Parenting, and Remarriage on Children*, Mahway, N.J.: Lawrence Erlbaum Associates, 1998.

10. De Temple and Snow 1998; Morrison, Zaslow, and Dion 1998; Weinfield, Egeland, and Ogawa 1998.

11. Aber, J.L., J. Brooks-Gunn, and R.A. Maynard, “Effects of Welfare Reform on Teenage Parents and Their Children,” *Future of Children*, vol. 5, no. 2 (1995), pp. 53–71.

12. Zaslow, Dion, and Morrison 1997.

13. Evidence is summarized in Moore, K.A., M.J. Zaslow, and A.K. Driscoll, “Maternal Employment in Low-Income Families: Implications for Children’s Development,” Washington, D.C.: Child Trends, Inc., February 1996; and in Zaslow, M.J., and C.A. Emig, “When Low-Income Mothers Go to Work: Implications for Children,” *Future of Children*, vol. 7, no. 1 (1997), pp. 110–115.

Most of the research on the implications of maternal employment for children considers what happens to children when their mothers volun-

tarily choose to be employed, rather than when their mothers are required to participate in employment activities in the context of welfare-to-work programs. We can use existing research as a resource for predicting the implications of PRWORA for children, but note two caveats. First, researchers are still seeking to account adequately for the role played by self-selection in explaining child outcomes when mothers themselves choose employment. Second, findings on employment in the context of a mandatory program may differ from those when employment is voluntary.

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17. Baydar, N., and J. Brooks-Gunn, “Effects of Maternal Employment and Child-Care Arrangements on Preschoolers’ Cognitive and Behavioral Outcomes: Evidence from Children of the National Longitudinal Survey of Youth,” *Developmental Psychology*, vol. 27 (1991), pp. 932–945. Also see Belsky, J., and D. Eggebeen, “Early and Extensive Maternal Employment and Young Children’s Socioemotional Development: Children of the National Longitudinal Survey of Youth,” *Journal of Marriage and the Family*, vol. 53 (1991), pp. 1083–1110.

18. Moore, K.A., and A.K. Driscoll, “Low-Wage Maternal Employment and Outcomes for Children: A Study,” *Future of Children*, vol. 7, no. 1 (1997), pp. 122–127.

19. Menaghan, E.G., and T.L. Parcel, “Social Sources of Change in Children’s Home Environments: The Effects of Parental Occupational Experiences and Family Conditions,” *Journal of Marriage and the Family*, vol. 57 (1995), pp. 69–84.

20. Moore et al. 1995.

21. Federal Interagency Forum on Child and Family Statistics, “Nurturing Fatherhood: Improving Data and Research on Male Fertility, Family Formation and Fatherhood,” Washington, D.C.: Forum on Child and Family Statistics, 1998.

22. Garfinkel, I., and S. McLanahan, “The Effects of Child Support Reform on Child Well-Being,” in P.L. Chase-Lansdale and J. Brooks-Gunn, eds., *Escape from Poverty: What Makes a Difference for Children?*, Cambridge, U.K.: Cambridge University Press, 1997.

23. Social Security Administration, *Factsheet: Welfare Reform and SSI Childhood Disability*, Washington, D.C.: Social Security Administration, February 1997; Super, D.A., S. Parrot, S. Steinmetz, and C. Mann, “The New Welfare Law,” Washington, D.C.: Center for Budget and Policy Priorities, August 1996.

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25. Barber, J.S., W.G. Axinn, and A. Thornton, “The Influence of Unintended Childbearing on Mother-Child Relationships,” Pennsylvania State University, Population Research Institute, 1997. Blake, J., “Number of Siblings and Educational Attainment,” *Science*, vol. 245 (1989), pp. 32–36. Brown, S.S., and L. Eisenberg, eds., *The Best Intentions: Unintended Pregnancy and the Well-Being of Children and Families*, Washington, D.C.: National Academy Press, 1995. Maynard, R.A., ed., *Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy*, Washington, D.C.: Urban Institute Press, 1997. McLanahan, S.S., and G.D. Sandefur, *Uncertain Childhood, Uncertain Future*, Cambridge, Ma.: Harvard University Press, 1994.

26. Fein, D.J., “Impacts of Welfare Reform on Marriage and Fertility: Early Evidence from the ABC Demonstration,” presented at the annual meeting of the Association for Public Policy and Management, Washington, D.C., November 1997. ABC policies were related, however, to increases in marriage and marital cohabitation, but only among young (under age 25), short-term welfare recipients.

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Child Trends, Inc., is a non-profit, nonpartisan research organization dedicated to studying children, youth, and families through research, data collection, and data analysis. In *Assessing the New Federalism*, Child Trends has responsibility for conceptualizing and designing ways to measure changes in children's well-being, and for assessing the implications of policy and programmatic changes for children.

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